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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/790,639	02/28/2004	Alfredo Garcia	GRCA001US0	9763
58293 7590 06/09/2009 FORTKORT & HOUSTON P.C. 9442 N. CAPITAL OF TEXAS HIGHWAY ARBORETUM PLAZA ONE, SUITE 500 AUSTIN, TX 78759				
EXAMINER KANG, IRINE S				
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**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

### Office Action Summary

**Application No.**

10/790,639

**Applicant(s)**

GARCIA, ALFREDO

**Examiner**

IRENE KANG

**Art Unit**

3695

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 20 January 2009.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 15-37 and 59-67 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 15-37 and 59-67 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SI/08)  
Paper No(s)/Mail Date \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

### **DETAILED ACTION**

The following is a Non-final Office Action in response to communications received January 20, 2009. Claims 1-14 and 38-58 have been cancelled. Claim 37 has been amended. New claims 59-67 have been added. Claims 15-37 and 59-67 remain pending and examined.

#### ***Response to Amendments***

As to the rejection of claims 15-37 under 35 U.S.C. § 101, Applicant's amendments do not sufficiently address the rejections and Applicant's arguments have been fully considered but they are not persuasive, as discussed below.

As to the rejection of claims 15, 19, 22, 30, 33, and 34 under 35 U.S.C. § 112, Applicant's amendments do not sufficiently address the rejections and Applicant's arguments have been fully considered but they are not persuasive, as discussed below.

As to the rejection of claims 15-37 under 35 U.S.C. § 102, Applicant's amendments do not sufficiently address the rejections and Applicant's arguments have been fully considered but they are not persuasive, as discussed below.

As to the rejection of claims 20, 25-31, and 36 under 35 U.S.C. § 103, Applicant's amendments do not sufficiently address the rejections and Applicant's arguments have been fully considered but they are not persuasive, as discussed below.

#### ***Response to Arguments***

With respect to the rejection of independent Claims 15 and 22 under 35 U.S.C. § 101, the claim language does not include the required tie or transformation and thus is directed to

nonstatutory subject matter. A method claim must meet a specialized, limited meaning to qualify as a patent eligible process claim. A mere field-of-use limitation is generally insufficient to render an otherwise ineligible method claim patent eligible. This means the machine or transformation must impose meaningful limits on the method claim's scope. The steps of the instant Claims 15 and 22 are creating, receiving, identifying, and distributing. It must be clear that an apparatus or machine is performing the steps recited in the method claim.

In response to the argument that the rejected claims are tied to another statutory class being an article of manufacture, as in claim 15 where the group of associates would be an article, and the people participating in the group would be the raw materials, Examiner directs Applicant's attention to MPEP §2105. Since the broadest reasonable interpretation of the claimed invention as a whole encompasses a human being, then rejection under 35 U.S.C. §101 is proper as the claimed invention is directed to nonstatutory subject matter.

Applicant argues that "essentially" and "about" are such commonly used words that one of ordinary skill in the art would know the scope of the claimed invention. Examiner respectfully disagrees. Although it is true that these are commonly used words, they do not clearly provide the metes and bounds of what the Applicant claims as his invention. For example, claim 15 recites the limitation "distributing the award to that associate in an amount essentially equal to the amount contracted by that associate". It is unclear as to what degree of precision these amounts have to be in relation to each other (i.e. within cents or dollars of each other). Therefore, rejection of claims 15, 19, 22, 30, 33, and 34 under 35 U.S.C. § 112 is deemed proper.

Applicant argues that with respect to claims 15-18 that *Besley* does not teach the values of x/n. Examiner respectfully disagrees. On pages 795-796 specifically, *Besley* teaches the

various ratios of numbers of associates (n in *Besley*) to the average number of payments (t in *Besley*).

With respect to claims 21 and 22, contrary to Applicant's arguments, *Besley* does teach the invention as claimed with a group of about 200 to about 300 (see at least 792, 793, 795, and 796).

With respect to claims 23-24, Applicant argues that *Besley* does not teach that the fixed term and contracted amounts being different for at least two associates. However *Besley* does not teach that the fixed term and contracted amounts being different for at least two associates (see at least page 802 – “Even if valuations are public information, individuals can use bidding to realize ‘gains from trade’ within the ROSCA, as members who value the pot more exchange greater contributions for earlier access to the pot.”).

With respect to claims 32 and 33, Applicant's argument that *Besley* fails to show certain features of Applicant's invention, have been fully considered and are persuasive. Therefore, the rejection has been withdrawn. However, upon further consideration, a new ground(s) of rejection is made as detailed below.

With respect to claim 37, Applicant's arguments are moot given new grounds of rejection for the claims as amended.

With respect to claims 20, 25-31, and 36, Applicant argues that no statement of the grounds on which the obviousness rejection was based was made. On the contrary, on page 9 of the office action, Examiner states “Claims 20, 25-31, and 36 are rejected under 35 U.S.C. 103(a) as being unpatentable over the publication The Economics of Rotating Savings and Credit Associations by Besley et al. (hereinafter *Besley*), and further in view of the publication The

Group Savings Resource Book by FAO (hereinafter *FAO*). It would have been obvious to one of ordinary skill in the art at the time of the invention to incorporate the features of *FAO* into that of *Besley* since both deal with rotating saving and credit associations.”

As to claim 25, Applicant argues that *FAO* fails to show certain features of Applicant’s invention, it is noted that the features upon which applicant relies (i.e., a self-managed group and ROSCAs) are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

As with claim 26, Applicant argues that *FAO* does not teach that the administrative fee is a percentage of the monthly payment increases with the contracted amount. However, page 34 of *FAO* teaches that the “management of loans and savings may involve administrative costs” and the interest rate “can cover these costs” and that the interest rate “is set as a percentage of the loan amount”.

As to claim 27, Applicant argues that *FAO* does not teach the claimed interest rate, however, on page 36, the claimed interest rate is within the range of “about” 5.5 to “about” 7.5% of the monthly payment made by the associate. Similarly, claims 28-31 were properly rejected.

### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

**Claims 15-37 and 59-67** are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

In reference to Claims 15-36 and 59-67:

**Claims 15 and 22** are directed toward the statutory category of a method (process), however according to Supreme Court precedent and recent Federal Circuit decisions, in order to be statutory under 35 USC 101 the process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials to a different state or thing. If neither of these requirements is met by the claim, the method is not a patent eligible process under § 101 and is rejected as being directed toward non-statutory subject matter.

As example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter being transformed, for example by identifying the material being changed to a different state. (Diamond v. Diehr, 450 US 175, 184 (1981); Parker V. Flook, 437 US 584, 588 n.9 (1978); Gottschalk v. Benson, 409 US 63, 70 (1972); Cochrane v Deener, 94 US 780, 787-88 (1876)). Applicant is also directed to MPEP § 2173.05p, providing guidance with respect to reciting a product and process in the same claim and MPEP § 2111.02 [R3] providing guidance with respect to the effect of limitations within the preamble of a claim.

**Claims 16-21 and 59-67** depend upon claim 15 and **Claims 23-36** depend on Claim 22 and contain the same deficiencies and do not cure the deficiencies set forth above. Therefore Claims 16-21, 23-36, and 59-67 are also rejected for being directed to non-statutory subject matter.

In reference to Claim 37:

**Claim 37** is directed to a "computer program" which is software *per se*. Software *per se* is considered to be an abstract idea and therefore does not fall within one of the statutory classes of invention set forth in 35 U.S.C. 101. In order to be accepted as statutory subject matter, a computer program must be tangibly embodied on a computer readable medium which when executed appropriately (for instance, on a computer) provides functionality. See MPEP 2106.01(I).

***Claim Rejections - 35 USC § 112***

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

The term "essentially" in claims 15, 19, 22, and 33 is a relative term which renders the claim indefinite. The term "essentially" is not defined by the claim, the specification does not provide a standard for ascertaining the requisite degree, and one of ordinary skill in the art would not be reasonably apprised of the scope of the invention.

The term "about" in claims 30 and 34 is a relative term which renders the claim indefinite. The term "about" is not defined by the claim, the specification does not provide a standard for ascertaining the requisite degree, and one of ordinary skill in the art would not be reasonably apprised of the scope of the invention.

Claim 65 recites the limitation "[t]he method of claim 65". There is insufficient antecedent basis for this limitation in the claim. For examination purposes, Examiner will interpret "[t]he method of claim 65" to be "[t]he method of claim 64".

***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

**Claims 15-19, 21-24, 34-35, and 59** are rejected under 35 U.S.C. 102(b) as being anticipated by the publication The Economics of Rotating Savings and Credit Associations by Besley et al. (hereinafter *Besley*).

**As to Claim 15**, *Besley* teaches a method for financing the acquisition of an asset or service for members of a group, comprising the steps of: creating a group of associates, each of whom is contractually obligated to make payments on a first periodic basis to a common fund over a specified term in exchange for receiving an award in a contracted amount at some point during the term; receiving payments from the group of associates; and on a second periodic basis, identifying at least one associate who is eligible to receive an award, and distributing the award to that associate in an amount essentially equal to the amount contracted by that associate; wherein the number of associates in the group is  $x$ , wherein the average number of payments that an associate in the group is required to make is  $n$ , and wherein  $x/n > 1$  (see at least 792, 793, 795, and 796).

**As to Claim 16**, *Besley* teaches that  $x/n \geq 1.5$  (see at least 792, 793, 795, and 796).

**As to Claim 17,** *Besley* teaches that  $x/n \geq 2$  (see at least 792, 793, 795, and 796).

**As to Claim 18,** *Besley* teaches that  $2 \leq x/n \leq 3$  (see at least 792, 793, 795, and 796).

**As to Claim 19,** *Besley* teaches that the periods of the first and second periodic basis are essentially the same (see at least 792, 793, 795, and 796).

**As to Claim 21,** *Besley* teaches that the number of associates is within the range of about 200 to about 300, and wherein the average number of payments that an associate in the group is required to make is within the range of about 96 to about 120 (see at least 792, 793, 795, and 796).

**As to Claim 22,** *Besley* teaches a method for financing the acquisition of an asset or service for members of a group, comprising the steps of: creating a group of associates, each of whom is contractually obligated to make predetermined monthly payments to a common fund over a specified term in exchange for receiving an award in a contracted amount at some point during the term, wherein the number of associates is within the range of about 200 to about 300, and wherein the fixed term is within the range of about 96 to about 120 months; receiving payments from the group of associates; and on a monthly basis, identifying at least one associate who is eligible to receive an award, and distributing the award to that associate in an amount essentially equal to the amount contracted by that associate (see at least 792, 793, 795, and 796).

**As to Claim 23,** *Besley* teaches that the fixed term is different for at least two associates in the group (see at least 802 and 803).

**As to Claim 24,** *Besley* teaches that the contracted amount is different for at least two associates in the group (see at least 802 and 803).

As to Claim 34, *Besley* teaches that the amount contracted by any associate is no more than about three times the amount contracted by any other associate (see at least 802 and 803).

As to Claim 35 *Besley* teaches that an associate is eligible to receive an award if the associate is not delinquent in any monthly payments (see at least 802 and 803).

As to Claim 59, *Besley* teaches that the recipient of the award is determined through a bidding process (see at least 793 and 797-799).

### *Claim Rejections - 35 USC § 103*

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claims 20, 25-31, 36, and 66 are rejected under 35 U.S.C. 103(a) as being unpatentable over the publication The Economics of Rotating Savings and Credit Associations by Besley et al. (hereinafter *Besley*), and further in view of the publication The Group Savings Resource Book by

FAO (hereinafter *FAO*). It would have been obvious to one of ordinary skill in the art at the time of the invention to incorporate the features of *FAO* into that of *Besley* since both deal with rotating saving and credit associations.

**As to Claim 20**, *FAO* teaches that the periods of the first and second periodic basis is monthly (see at least page 25, 31, and 34).

**As to Claim 25**, *FAO* teaches that the fund is managed by a first organization, and wherein each associate pays the first organization a fixed percentage of the amount contracted by that associate as a registration fee (see at least page 34 and 36).

**As to Claim 26**, *FAO* teaches that the fund is managed by a first organization, wherein the monthly payment made by each associate includes an administrative fee, and wherein the administrative fee is a percentage of the monthly payment increases with the contracted amount (see at least page 34 and 36).

**As to Claim 27**, *FAO* teaches that the administrative fee is within the range of about 5.5 to about 7.5% of the monthly payment made by the associate (see at least page 34 and 36).

**As to Claim 28**, *FAO* teaches that the monthly payment owed by an associate includes a component which is calculated by dividing the sum of the contracted amount and an actualization factor by the number of months in the term (see at least page 34 and 36).

**As to Claim 29**, *FAO* teaches that on a periodic basis, the contracted amount is increased by applying the actualization factor to the previous contracted amount (see at least page 34, 36, and 37).

**As to Claim 30**, *FAO* teaches that the periodic basis is essentially annual, and wherein the actualization factor is within the range of about 1 to about 5% of the contracted amount (see at least page 34, 36, and 37).

**As to Claim 31**, *FAO* teaches that the actualization factor reflects the increase in value of the asset or service being procured by the associate (see at least page 34, 36, and 37).

**As to Claim 36**, *FAO* teaches that the distribution of rewards to associates commences no later than four months after the beginning of the term (see at least page 25, 31, and 34).

**As to Claim 66**, *FAO* teaches that members are permitted to withdraw from the group through payment of a penalty which is proportional to the contracted amount (see at least page 37).

**Claims 32, 33, and 67** are rejected under 35 U.S.C. 103(a) as being unpatentable over the publication The Economics of Rotating Savings and Credit Associations by Besley et al. (hereinafter *Besley*), in view of the publication The Group Savings Resource Book by *FAO* (hereinafter *FAO*), and further in view of Ryan et al. (Patent No.: 5,673,402).

**As to Claim 32**, although *Besley* substantially teaches the invention of Claim 32, it does not explicitly teach that the fund is managed by a first organization which takes out a life insurance policy on each associate, and wherein the monthly payment owed by an associate includes the prorated monthly cost of the life insurance premium. *FAO* does teach that the monthly payment owed by an associate includes the prorated monthly charge for fees and interest in order to cover risks of lending (see at least page 34). Neither *Besley* nor *FAO* teach that a life insurance policy is taken out on each associate and the cost of the life insurance

premiums are included in the periodic payments owed by an associate. *Ryan* does teach that a life insurance policy could be taken out on the life of the borrower payable to the lender so that the lender has additional security (see at least Abstract; Col. 6, lines 30-45; and Col. 7, line 41 through Col. 8, line 10). It would have been obvious to one of ordinary skill in the art at the time of the invention to include the features of *FAO* and *Ryan* with those of *Besley* in order to reduce the risk of default on the loan.

**As to Claim 33**, although *Besley* substantially teaches the invention of Claim 33, it does not explicitly teach that the fund is managed by a first organization which takes out a life insurance policy on each associate, and wherein the monthly payment owed by an associate includes a first component essentially equal to the prorated monthly cost of the life insurance premium, a second component which is essentially equal to the sum of the contracted amount and an actualization factor divided by the number of months in the term, and a third component which is essentially equal to an administrative fee that varies as a function of the contracted amount. *FAO* does teach a first component essentially equal to the prorated monthly charge for fees and interest in order to cover risks of lending (see at least page 34), a second component which is essentially equal to the sum of the contracted amount and an actualization factor divided by the number of months in the term (see at least pages 34 and 36), and a third component which is essentially equal to an administrative fee that varies as a function of the contracted amount (see at least pages 34 and 36). Neither *Besley* nor *FAO* teach that a life insurance policy is taken out on each associate and the cost of the life insurance premiums are included in the periodic payments owed by an associate. *Ryan* does teach that a life insurance policy could be taken out on the life of the borrower payable to the lender so that the lender has additional security (see at

least Abstract; Col. 6, lines 30-45; and Col. 7, line 41 through Col. 8, line 10). It would have been obvious to one of ordinary skill in the art at the time of the invention to include the features of *FAO* and *Ryan* with those of *Besley* in order to reduce the risk of default on the loan.

As to Claim 67, although *Besley* substantially teaches the invention of Claim 67, it does not explicitly teach that the payment of any outstanding payments by a member of the group who receives an award is secured through the grant of a lien on assets purchased with the award. *FAO* does teach that a borrower can pledge a valuable object or property as collateral in case he cannot repay the loan (see at least page 34). Neither *Besley* nor *FAO* teach that the lender has collateral rights on the assets purchased with the loan amount. *Ryan* does teach that the lender is given collateral rights to the mortgaged property (see at least Col. 1, line 63 through Col. 2, line 12). It would have been obvious to one of ordinary skill in the art at the time of the invention to include the features of *FAO* and *Ryan* with those of *Besley* in order to reduce the risk of default on the loan.

Claim 37 is rejected under 35 U.S.C. 103(a) as being unpatentable over the publication The Economics of Rotating Savings and Credit Associations by Besley et al.

As to Claim 37, although *Besley* substantially teaches the invention of Claim 37, it does not explicitly teach a computer program adapted to implement the method of claim 22, said program being tangibly disposed in a computer readable medium and containing suitable instructions which, when executed, implement the method of claim 22 disposed in a tangible medium. It was known at the time of the invention that merely providing an automatic means to replace a manual activity which accomplishes the same result is not sufficient to distinguish over

the prior art, *In re Venner*, 262 F.2d 91, 95, 120 USPQ 193, 194 (CCPA 1958). It would have been obvious to a person of ordinary skill in the art at the time of the invention to automate the method steps of claim 22 because this would speed up the process, which is purely known, and an expected result from automation of what is known in the art.

**Claims 60-63** are rejected under 35 U.S.C. 103(a) as being unpatentable over the publication The Economics of Rotating Savings and Credit Associations by Besley et al. (hereinafter *Besley*), in view of the publication Understanding Chit Funds: Price Determination and the Role of Auction Formats in Rotating Savings and Credit Associations by Stefan Klonner (hereinafter *Klonner*).

**As to Claim 60**, although *Besley* substantially teaches the invention of Claim 60, it does not explicitly teach that the award is given to the associate who agrees to take the award at the largest discount. *Klonner* teaches that the award is given to the associate who agrees to take the award at the largest discount (see page 1). It would have been obvious to one of ordinary skill in the art at the time of the invention to include the features of *Klonner* with those of *Besley* since both inventions involve bidding ROSCAs.

**As to Claim 61**, although *Besley* substantially teaches the invention of Claim 61, it does not explicitly teach that the discount is distributed to the other associates of the group. *Klonner* teaches that the discount is distributed to the other associates of the group (see page 1). It would have been obvious to one of ordinary skill in the art at the time of the invention to include the features of *Klonner* with those of *Besley* since both inventions involve bidding ROSCAs.

**As to Claim 62**, although *Besley* substantially teaches the invention of Claim 62, it does not explicitly teach that the discount is added to the amount of money awarded to other associates of the group. *Klonner* teaches that the discount is added to the amount of money awarded to other associates of the group (see pages 1-2). It would have been obvious to one of ordinary skill in the art at the time of the invention to include the features of *Klonner* with those of *Besley* since both inventions involve bidding ROSCAs.

**As to Claim 63**, although *Besley* substantially teaches the invention of Claim 62, it does not explicitly teach that the discount is applied as a credit against payments or fees owed by other associates of the group. *Klonner* teaches that the discount is applied as a credit against payments or fees owed by other associates of the group (see at least page 8). It would have been obvious to one of ordinary skill in the art at the time of the invention to include the features of *Klonner* with those of *Besley* since both inventions involve bidding ROSCAs.

**Claims 64-65** are rejected under 35 U.S.C. 103(a) as being unpatentable over the publication The Economics of Rotating Savings and Credit Associations by Besley et al. (hereinafter *Besley*), in view of the publication Understanding Chit Funds: Price Determination and the Role of Auction Formats in Rotating Savings and Credit Associations by Stefan Klonner (hereinafter *Klonner*), and in further view of the publication The Group Savings Resource Book by FAO (hereinafter *FAO*).

**As to Claim 64**, although *Besley* substantially teaches the invention of Claim 64, it does not explicitly teach that if the recipient of the award is in arrears on at least one payment, the amount of any outstanding payments is deducted from the award, along with a penalty fee.

*Klonner* teaches that the award can be used to make payments in arrears (see at least page 8). *FAO* teaches that a penalty fee would be assessed for outstanding payments (see at least pages 35-37). It would have been obvious to one of ordinary skill in the art at the time of the invention to include the features of *FAO* and *Klonner* with those of *Besley* in order to reduce the risk of default on the loan.

**As to Claim 65**, *FAO* teaches that the penalty fee is distributed among those members of the group who are not in arrears at the time the award is granted (see at least page 37).

### ***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to IRENE KANG whose telephone number is (571)270-3611. The examiner can normally be reached on 8am-5pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Charles Kyle can be reached on (571)272-6746. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/IRENE KANG/  
Examiner, Art Unit 3695  
6/9/2009

/Charles R. Kyle/  
Supervisory Patent Examiner, Art Unit 3695